

CHARTER AGENCY AGREEMENT
BETWEEN
THE GOVERNOR OF THE STATE OF IOWA
AND THE
IOWA DEPARTMENT OF REVENUE

The Department commits to producing the following results in terms of performance measures and special projects:

Departmental Performance Targets

- By June 3, 2005, increase non-general funds supporting the department's operating budget by 2%.
- Increase share of individual income tax returns filed electronically to 80% by 2007.
- 63% of General Fund tax revenues will be received by electronic funds transfer by 6-30-05.
- 90% of all individual income tax refunds will be issued within 45 days of date of receipt of a taxpayers return.
- Regarding productivity of audit staff, maintain a ROI of at least \$8 for every \$1 spent for enforcement.
- 95% of taxpayer service contacts will be responded to within 24 hours.
- A composite customer satisfaction rating of 90% for web-based services will find customers in agreement with services offered (i.e. rating of either average or greater satisfaction).
- Reduce the amount of time required to complete quarterly and annual statistical reports to 60 days or less, following receipt of corrected tax files.

DEPARTMENTAL SPECIAL PROJECTS

Continue to develop plans for electronic services including the following during FY05:

Successfully implement applications which support electronic filing and payment of business taxes by July 1, 2005 including withholding, motor vehicle fuel and sales/use taxes. In conjunction with our customers, this initiative has the potential of:

- providing reduced errors in tax filings and payments and therefore reducing follow-up compliance efforts
- increased timelines in availability of data for sue by external customers and department staff
- improved effectiveness within department to respond to customer inquiries

The department has entered its FY05 agency performance plan into the system.

Expand utilization of data warehouse.

Increase resources to provide more accurate revenue and refund estimates.

Collaborate with other agencies on the following projects:

- County Endowment Fund – The Department is collaborating with DED and DIA in creating the County Endowment Fund that provides funding to 90 counties that do not have gambling licenses. The Department disburses funds deposited by DIA to organizations certified by DED.
- Central Collection Unit – The Department's Central Collections Unit serves as the enterprise collection function for state government. This ongoing project provides collection services to IDR, Child Support Recovery, the Judicial Branch and the College Student Aid Commission. Total collections for the customers of the CCU has increased from \$26.7 million in FY01 to \$41.9 million in FY2004.
- With assistance of Department of Transportation enhance the collection of data and compliance activities related to taxation of motor vehicles subject to registration in Iowa. This involves an upgrade to the DOT Motor Vehicle Registration and Titling System. This will benefit customers and enhance the UT-510 program.
- In partnership with Department of Economic Development enhance the monitoring of tax incentive and other economic development initiatives.
- In cooperation with Department of Management and Legislative Services Agency develop improved economic and revenue forecasting processes.

- Participate with DAS and other Executive Branch agencies in the completion of the mandated study of the impact of consolidation of technology resources.

Generate proposals to simplify income tax system and overhaul property tax system.

The Director of Revenue further commits to achieving the results as outlined in the Director's Performance Plan, excluding those results now affiliated with the Department of Administrative Services, which is hereby incorporated by reference.

Charter Agency Benefits and Flexibilities

The Governor and Lt. Governor pledge their support to the Charter Agencies success, and recognize the Department of Revenue and Director Michael Ralston are stepping above and beyond expectations in their willingness to become a Charter Agency. The Agency will have the following benefits and flexibilities. These benefits and flexibilities do not supersede the requirements of the Accountable Government Act.

The Department of Management (DOM) will assure that Charter Agencies:

1. May apply to receive grants from the remaining funds in the Charter Agency grant fund.
2. Retain 50 percent of unspent year-end General Fund appropriation (from agency operations) balance for five (5) years, beginning with fiscal year 2004.
3. Are exempt from across-the-board General Fund appropriation cuts for fiscal year 2005.
4. Retain 80 percent of all new revenues generated, subject to statutory compliance.
5. May work with the Department of Administrative Services (DAS) and Public Strategies Group (PSG) to develop and implement pilot projects.
6. Benefit from DOM support of legislative changes to further enhance Charter Agency ability to simplify administrative processes and generate revenue.
7. May actively market program-related goods and services to lowans and seek alternate and innovative revenue sources.

8. May charge other governmental agencies for services, following DOM consultation with DAS that indicates the DAS lacks the capacity to provide the service.
9. May propose increases in fees that are commensurate with and directly related to improving services to citizens.
10. May reduce copying and paperwork expenses via use of electronic signatures, record keeping, and transactions where legal authority permits.
11. Are exempted from appropriated full-time equivalent (FTE) limitations for a period of five (5) years, beginning with fiscal year 2004.
12. May evaluate existing "outsourced" state work activities for cost-effectiveness and service delivery quality.

[DAS Human Resources Enterprise-related]

13. May convert PEO (Merit Resources) positions to state FTEs, consistent with collective bargaining agreements and Human Resource Enterprise (HRE) rules.
14. May change the status of "direct report" managerial positions to "at will" positions. Affected employees must agree to the change voluntarily in writing for the change to occur.
15. May increase overlap employment days.
16. May add interns to their workforces.
17. May award "exceptional job performance (performance bonus)" pay to non-contract covered employees or to contract covered employees with the approval of the labor union. This applies to individual employees as well as to employee "teams."
18. May award "special-duty" pay or "extraordinary duty" pay. Special duty pay applies when an employee is temporarily assigned to a vacant position in a higher class. Extraordinary duty pay applies when an employee is temporarily assigned work duties in a higher class.
19. May create any position in any classification provided that duties are consistent with established classification and filled in compliance with collective bargaining agreements and HRE rules.
20. May award increased pay for increased credentials to non-contract employees or to contract covered employees with the approval of the labor union.

21. May utilize the employee performance evaluation system and process in force as of fiscal year 2003 until July 1, 2005.

[DAS General Services Enterprise/Information Technology Enterprise--related]

22. May purchase goods and services outside General Services Enterprise (GSE) contracts provided the charter agency can document the cost benefit. Charter agencies purchasing Information Technology Enterprise (ITE) services independently must document that the purchase complies with ITE enterprise technical standards. Charter agencies will periodically report on the nature and value of these goods and services to DAS. Charter agencies will pay the Iowa Code-required one (1) percent purchase fee.

23. May sell or lease capital assets and retain proceeds and may utilize the GSE as an agent in the sale of capital assets.

24. May make their travel arrangements directly with vendors, with appropriate audit-worthy documentation.

25. May, with appropriate audit-worthy documentation, use sole source contracts.

26. May, through addendum, extend contracts beyond the current allowable renewal term.

27. Implement and enforce contract "liquidated damages" clauses.

28. Utilize streamlined contracting requirements for capital projects.

29. May work closely with GSE to implement design and construction work on capital projects.

[DAS State Accounting Enterprise-related]

30. Are required to initial the "batch sheet" (only) as part of the pre-audit process.

31. Utilize a simplified procurement card "coding" system that does not require coding of purchases at the detailed expenditure (objective) level when the bill is paid.

32. Are no longer required to file travel claims when expenses are paid by an outside entity.

33. Are exempted from the requirement to submit pre-contract questionnaires for contracts valued at less than \$1,000.

34. Are exempted from the requirement to submit pre-contract questionnaires for corporate or governmental vendors, provided that information on the questionnaire is still obtained to meet audit requirements.

Additional Terms and Conditions

1. The Director will have the ability to use operational funds for training and travel within the existing budget to promote achievement of goals and projects.
2. The Director will not be restricted by current state guidelines regarding employee recognition. The Director will be able to recognize/reward individuals and/or teams for their significant contributions toward the achievement of goals and projects.
3. The Director will have the ability to pursue collaborative partnering opportunities with outside agencies that benefit the operation of the Department of Revenue and the State of Iowa.
4. The Department, contingent upon receiving the benefits and flexibilities identified below, commits to generating \$1.5 million of additional revenue and interest savings. Measurement of interest savings will be based upon accrual accounting principles.
5. This Charter Agency Agreement may be amended by mutual agreement of the parties at any time.

Dated this ____ day of _____, 2004.

Thomas J. Vilsack
Governor

Michael D. Ralston
Director, Department of Revenue